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## **China Shuifa Singyes Energy Holdings Limited**

### **中國水發興業能源集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

#### **ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION - UPDATE ON PERFORMANCE GUARANTEE**

Reference is made to the announcements of China Shuifa Singyes Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 December 2020 and 5 January 2021 (the “**Announcements**”) in respect of the discloseable transaction involving the acquisition of an aggregate of 40% equity interest in, and the injection of capital in the amount of RMB19.90 million into, Jiangxi Yaxing Construction Co., Ltd.\* (江西亞興建設有限公司) (the “**Target Company**”) by Zhuhai Singyes Green Construction Technology Co., Ltd.\* (珠海興業綠色建築科技有限公司, an indirect wholly-owned subsidiary of the Company) (the “**Investor**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context otherwise requires.

This announcement is made by the Company pursuant to Rule 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) to inform Shareholders and potential investors of the Company about the latest status and updates of the Guaranteed Profit(s) pursuant to the Capital Injection Agreement.

As disclosed in the Announcements, the Target Shareholders have undertaken and guaranteed to the Investor that the audited net profit (after deducting non-recurring profit and loss) of the Target Company for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023 (the “**Guaranteed Period**”) shall not be less than the amounts set out below; and according to the audited consolidated financial statements of the Company, the audited actual net profit (net loss) of the Target Company recorded in the Guaranteed Period is as follows:

**For the financial year ending 31 December**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
Audited guaranteed net profit (after deducting non-recurring profit and loss) (the “ <b>Guaranteed Profit(s)</b> ”)	Not less than RMB30.00 million	Not less than RMB60.00 million	Not less than RMB90.00 million
Audited actual net profit (net loss) (after deducting non-recurring profit and loss) (the “ <b>Actual Profit(s)</b> ”)	RMB(3.02) million	RMB5.09 million	RMB(2.09) million

Should the actual profit of the Target Company fall short of the Guaranteed Profit of any particular year, the Target Shareholders undertake to make up the difference by way of a compensation in cash to the Investor (the “**Compensation(s)**”). In the event the Target Shareholders are unable to settle the Compensation in cash, the Investor is entitled to demand the settlement of the Compensation by way of a transfer of the equity interest in the Target Company held by the Target Shareholders.

The actual profits of the Target Company during the Guaranteed Period fell short of the corresponding Guaranteed Profit. Accordingly, Compensations of RMB7.32 million, RMB12.17 million and RMB20.41 million, respectively, for a total of RMB39.90 million, are payable by the Target Shareholders to the Investor.

As of the date of this announcement, RMB39.90 million in Compensations remains unsettled. It has come to the knowledge of the Company that the Target Shareholders are unable to settle the Compensations in cash. Therefore, the 49% equity interests in the Target Company held by the Target Shareholders have been pledged as a security measure (the “**Pledge**”). As the Guaranteed Period has just ended, the Company is in the process of negotiating with the Target Shareholders on the payment of Compensation. The parties have agreed to conduct a specialised audit of the Target Company and, based on the audit data, to finalise the schedule and amount of payment, the settlement arrangements and other details of Compensation after the completion of the audit.

In the view of the Board, (i) although the Target Shareholders have not yet made the payment of Compensation, there is no intention to enforce the Pledge immediately at this stage as the parties are actively negotiating the payment of the Compensation and the agreement to fulfill the obligations of the Guaranteed Profits under the Capital Injection Agreement by the Target Shareholders upon the completion of the aforesaid specialized audit; and (ii) the arrangements are in the interests of the Company and the Shareholders as a whole.

The Company will make further announcements on any material developments as and when the parties finalise the settlement arrangements and make disclosures in the annual report as to whether the actual performance of the Target Company aligns with the Performance Guarantee.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**China Shuifa Singyes Energy Holdings Limited**  
**Wang Dongkai**  
*Chairman*

Hong Kong, 2 May 2024

*As at the date of this announcement, the executive Directors are Mr. Wang Dongkai (Chairman), Mr. Zhou Guangyan (Vice Chairman) and Mr. Chen Fushan, the non-executive Directors are Mr. Liu Hongwei, Mr. Hu Xiao and Ms. Wang Suhui, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.*